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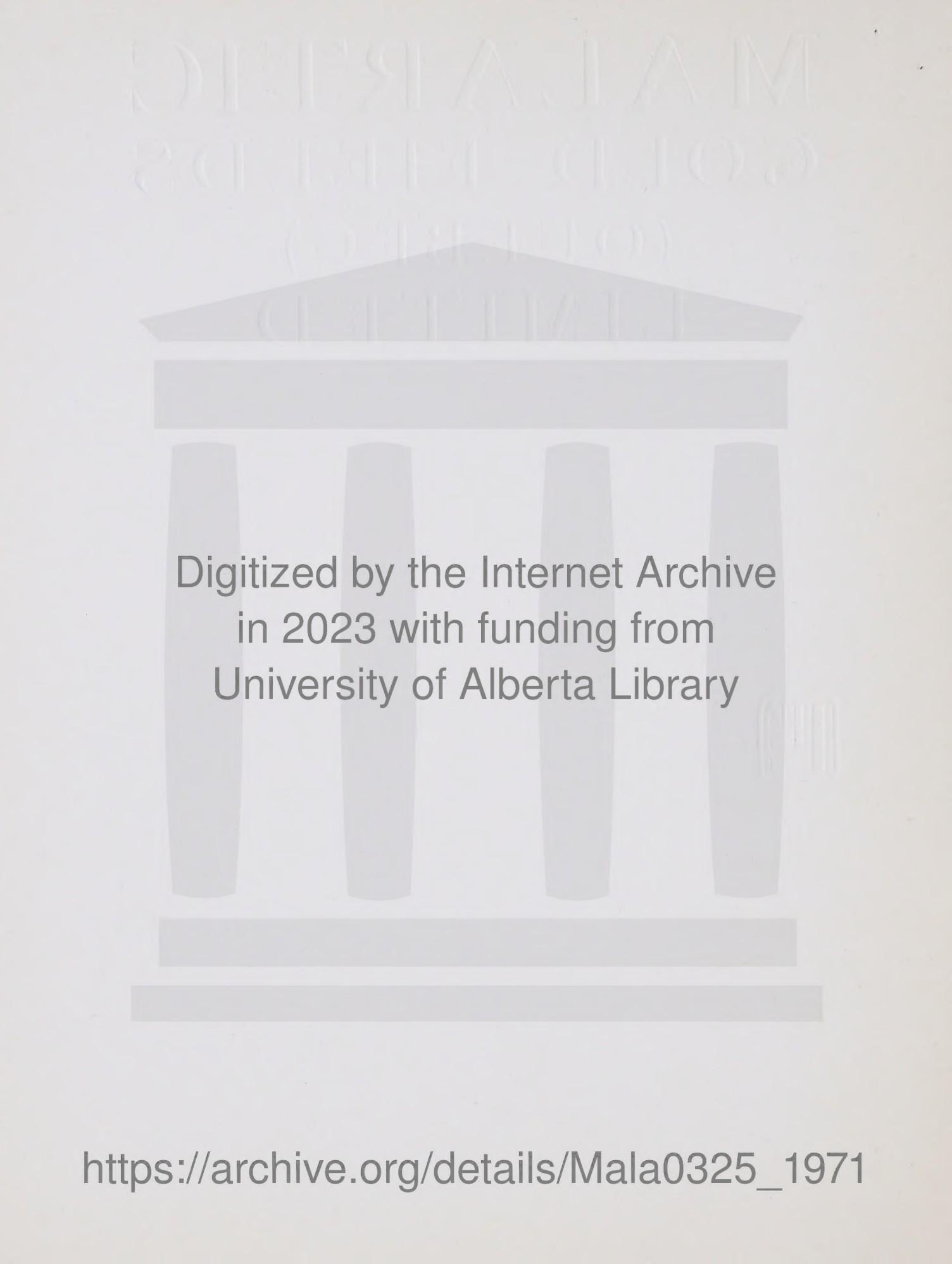
MALARATIC GOLD FIELDS (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)



Long Hole Drilling Limited



A faint, large watermark of the University of Alberta's library building is visible in the background. The building is a classical-style structure with a prominent pedimented portico supported by four columns. The words "UNIVERSITY OF ALBERTA" are visible above the entrance, and "LIBRARY" is written across the base of the pediment.

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Officers

P. K. HANLEY - - - - - President
R. C. STANLEY, JR. - - - - Vice-President
A. G. WILSON - - - - - Secretary

Directors

JOHN C. L. ALLEN P. K. HANLEY
PETER A. ALLEN ROBERT C. STANLEY, JR.
D. M. GIACHINO, P.Eng. A. G. WILSON

Manager — MURRAY D. KENNEDY

**MALARTIC GOLD FIELDS
(QUEBEC) LIMITED**

(NO PERSONAL LIABILITY)

Registrar and Transfer Agents

CANADA PERMANENT TRUST COMPANY
Toronto, Ont. and Montreal, Que.

MARINE MIDLAND BANK — NEW YORK
New York, N.Y.

Auditors

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ont.

Executive Office

Suite 400, 112 King Street West, Toronto, Ontario

Report of the Directors

To the Shareholders:

Your Directors submit the Company's Balance Sheet and Financial Statements for the year ended December 31st, 1971, together with the Auditors' Report thereon and the Report of the Manager. As has been the practice in previous years, similar statements and reports on MARBAN GOLD MINES LIMITED, in which your Company holds a 75% interest, are also included.

As shown in the Statement of Income, the Net Income before extraordinary items was \$134,312 as compared to a restated \$171,263 the previous year.

Your Company's customs milling operation is scheduled to close in April 1972 when production from Marban mines ceases due to exhaustion of ore. Following this, plans are to dispose of the plant. The major portion of the mining property has already been ceded back to the crown.

It is with sincere and deep regret that we report the death of Mr. W. C. Cochrane on November 24th, 1971, who had been a Director since 1941.

The Directors wish to express their appreciation to Mr. M. D. Kennedy, Manager of both Malartic Gold Fields and Marban, the Staff and all Employees for their loyal and efficient services during the year.

Respectfully submitted,

On behalf of the Board,

P. K. HANLEY,
President.

March 29, 1972.

**MALARTIC GOLD FIELDS
(QUEBEC) LIMITED**
(NO PERSONAL LIABILITY)

Report of the Manager

Halet, Quebec,
February 21, 1972.

The President and Directors,
Malartic Gold Fields (Quebec) Limited.

Dear Sirs:

Herewith is submitted a report covering the operation for the year ended December 31, 1971.

The mill treated 219,482 tons of custom ore as compared to 265,912 tons the previous year. The sources are as follows:

Marban Gold Mines Limited	219,143 tons
Legeault Metals (ore from clean up of Canadian Malartic Mill)	339 tons
	<u>219,482 tons</u>

One circuit only was operated on an intermittent basis and operated 97.39% of the scheduled time for an average of 601 tons per calendar day. Mill recovery for the year was 98.53%.

At the year end there were 18 hourly rated employees, the same as at the end of the previous year.

A total of \$182,223 was paid out for wages, salaries, workmen's compensation, pension, unemployment insurance and other employee benefits and \$268,157 for supplies and services.

In conclusion I wish to express my thanks to the Officers and Directors for their co-operation and support. I also wish to thank Mr. M. Roy, Mill Superintendent and all Employees for their loyal and efficient services during the year.

Respectfully submitted,

M. D. KENNEDY,
Manager.

**MALARTIC GOLD FIELDS
(QUEBEC) LIMITED**
(NO PERSONAL LIABILITY)

Incorporated under the laws of Quebec

Balance Sheet -

(with comparative figures)

ASSETS

	1971	1970
	(restated)	
CURRENT ASSETS		
Cash	\$ 230,574	\$ 13,460
Short-term deposits	265,000	870,000
Accounts receivable	30,434	36,253
Receivable from subsidiary and associated companies	46,503	61,999
Marketable securities, at cost less allowance for decline in market value of \$115,000 (quoted market value 1971, \$575,500; 1970, \$332,200)	575,782	269,146
Prepaid expenses	11,595	14,126
Supplies, at average cost	97,995	113,144
	<hr/>	<hr/>
	1,257,883	1,378,128
SHARES IN SUBSIDIARY COMPANY, at equity value (note 1)	<hr/>	<hr/>
	165,437	348,943
	<hr/>	<hr/>
INVESTMENTS IN OTHER COMPANIES		
Associated companies		
Listed shares, (note 2) quoted market value 1971, \$4,015,000; 1970, \$5,058,000	5,132,467	5,052,298
Other shares, at cost less amounts written off	733,612	732,735
Shares in other companies, at cost (quoted market value 1971, \$181,300; 1970 \$103,600)	251,464	177,146
Advance to another company		64,424
	<hr/>	<hr/>
	6,117,543	6,026,603
	<hr/>	<hr/>
FIXED ASSETS		
Buildings, machinery and equipment, at cost less accumulated depreciation	8,663	15,506
Mining properties, at nominal value	1	1
	<hr/>	<hr/>
	8,664	15,507
	<hr/>	<hr/>
OTHER ASSETS	2,061	2,061
	<hr/>	<hr/>
	\$7,551,588	\$7,771,242
	<hr/>	<hr/>

December 31, 1971

at December 31, 1970)

LIABILITIES

	1971	1970
CURRENT LIABILITIES		(restated)
Accounts payable and accrued liabilities	\$ 42,214	\$ 84,530
Payable to associated companies	24,209	42,162
	<hr/> 66,423	<hr/> 126,692

SHAREHOLDERS' EQUITY

Capital stock		
Authorized — 5,000,000 shares of \$1 each		
Issued — 4,481,378 shares	4,481,378	4,481,378
Less discount on shares	3,223,857	3,223,857
	<hr/> 1,257,521	<hr/> 1,257,521
Contributed surplus	617,026	617,026
	<hr/> 1,874,547	<hr/> 1,874,547
Retained earnings	5,610,618	5,770,003
	<hr/> 7,485,165	<hr/> 7,644,550

Approved by the Board

P. K. HANLEY, Director.

P. A. ALLEN, Director.

AUDITORS' REPORT

To the Shareholders of
Malartic Gold Fields (Quebec) Limited
(No Personal Liability)

We have examined the balance sheet of Malartic Gold Fields (Quebec) Limited (No Personal Liability) as at December 31, 1971 and the statements of income, retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
February 10, 1972.

\$7,551,588 \$7,771,242

**MALARTIC GOLD FIELDS
(QUEBEC) LIMITED**

Statement of Income

Year ended December 31, 1971
 (with comparative figures for 1970)

	1971	1970
	(restated)	
REVENUE		
Services		
Custom milling (note 3)	\$ 590,686	\$ 671,728
Other	5,445	98,165
Income from investments	63,336	51,916
	<u>659,467</u>	<u>821,809</u>
EXPENSES		
Direct cost of services		
Custom milling	316,978	341,986
Other	2,616	58,492
Mine office and supervision	31,458	26,859
General expenses at the property	105,805	205,714
Administrative and corporate expenses	38,982	66,818
Depreciation	6,843	7,097
	<u>502,682</u>	<u>706,966</u>
Income before undernoted items	<u>156,785</u>	<u>114,843</u>
Add		
Proceeds on sale of fixed assets in excess of net book value	5,290	63,346
Interest in income before extraordinary item of subsidiary company (note 1)	3,994	76,263
	<u>9,284</u>	<u>139,609</u>
Deduct outside exploration	<u>166,069</u>	<u>254,452</u>
Income before extraordinary items	<u>31,757</u>	<u>83,189</u>
Extraordinary items		
Loss on investments sold	106,197	249,336
Allowance for decline in value of shares in associated companies		850,000
Interest in another company written down		33,838
Interest in extraordinary item of subsidiary company (note 1)	187,500	
	<u>293,697</u>	<u>1,133,174</u>
Loss for the year	<u>\$ 159,385</u>	<u>\$ 961,911</u>
Earnings or loss per share		
Income before extraordinary items		3¢
Loss for the year		4¢
	<u>4¢</u>	<u>21¢</u>

**MALARTIC GOLD FIELDS
(QUEBEC) LIMITED**
(NO PERSONAL LIABILITY)

Statement of Retained Earnings

Year ended December 31, 1971
(with comparative figures for 1970)

	1971	1970
Balance at beginning of year		(restated)
As previously reported	\$5,807,100	\$6,731,914
Adjustment of prior year's interest in net income of subsidiary company (note 1)	37,097	
As restated	5,770,003	6,731,914
Loss for the year	159,385	961,911
Balance at end of year	<u>\$5,610,618</u>	<u>\$5,770,003</u>

Statement of Source and Application of Funds

Year ended December 31, 1971
(with comparative figures for 1970)

	1971	1970
SOURCE OF FUNDS		(restated)
Income before extraordinary items	\$ 134,312	\$ 171,263
Items not involving current funds		
Depreciation	6,843	7,097
Interest in income before extraordinary items of subsidiary company	(3,994)	(76,263)
Other items		43,254
	<u>137,161</u>	<u>145,351</u>
Sale of shares		
Associated companies	130,546	408,830
Other companies	8,163	28,452
Sale of income debentures		3,828
Payment received on advances to another company	64,424	25,000
Dividend received from subsidiary company (applied against investment)		150,000
Sale of fixed assets		4,539
	<u>340,294</u>	<u>766,000</u>

APPLICATION OF FUNDS

Purchase of shares		
Associated companies	285,258	1,818,472
Other companies	79,164	799
Advance to another company		23,261
Loss on sale of marketable securities	35,848	53,819
	<u>400,270</u>	<u>1,896,351</u>
Decrease in working capital	59,976	1,130,351
Working capital at beginning of year	1,251,436	2,381,787
Working capital at end of year	<u>\$1,191,460</u>	<u>\$1,251,436</u>

Notes to Financial Statements

December 31, 1971

1. SUBSIDIARY COMPANY

The accounts of the partly owned subsidiary company, Marban Gold Mines Limited, have not been consolidated because it is considered more informative to present separate statements.

The income for 1970 of the subsidiary company has been restated to reflect a reduction in the estimated emergency gold mining assistance for 1970. Accordingly Malartic's interest in net income of the subsidiary company has been adjusted and the related 1970 figures restated.

The subsidiary company has written its mining properties down to a nominal value as an extraordinary item since it expects to cease operations in April 1972. Malartic's interest in this extraordinary item is reflected in the statement of income.

2. ASSOCIATED COMPANIES — LISTED SHARES

Listed shares are carried at cost, less allowance for decline in market value of \$2,370,000. The market values shown are based on closing market prices at December 31, each year. Because of the number of shares involved and the fact that the shares in some cases represent control of the companies concerned, the amounts that would be realized if these securities were to be sold may be more or less than their indicated market value.

3. MILLING OPERATIONS

The company expects to cease milling operations in April 1972.

4. INCOME TAXES

Deduction for income tax purposes for depreciation exceeds the amount charged to income in the accounts. As a result, income taxes for 1971 and 1970 have been eliminated. The taxes so eliminated amounted to \$69,300 for 1971 and \$26,500 for 1970. At December 31, 1971 depreciation yet to be deducted for tax purposes exceeds by \$1,060,000 the net book value of the related assets.

5. SUPPLEMENTARY INFORMATION

Direct remuneration of the company's directors and senior officers (including the five highest paid employees) as defined by The Securities Act of Ontario was as follows:

	From Malartic Gold Fields (Quebec) Limited		From unconsolidated subsidiary company	
	1971	1970	1971	1970
Directors and officers	\$ 19,900	\$ 7,850	Nil	Nil
Mill employees	34,984	33,486	Nil	Nil
Total	<u>\$ 54,884</u>	<u>\$ 41,336</u>	<u>Nil</u>	<u>Nil</u>

LONG LAC MINERAL EXPLORATION LIMITED

EXPLORATION REPORT

Principal exploration emphasis was again oriented to projects capable of high return. Participation in joint ventures across Canada was extended to include a broader range of natural resources. Substantial interests were earned in 17 separate ventures while direct expenditures were reduced from a total of \$520,000 in 1970 to a total of \$318,000 in 1971. At least eight projects have already been scheduled for drilling in 1972.

METALS

Your company has a 25% interest in a syndicate managed by Derry, Michener and Booth searching a 4,500 square mile tract of Southern British Columbia for porphyry copper, skarn and other types of deposits. Several anomalous areas with copper showings have been staked. Intensive investigation of these areas will include diamond drilling.

Our participation in the search for volcanogenic base metal sulphides in the Northwest Territories was rewarded by the discovery of several zones of copper-zinc-silver mineralization. This prospect is presently classified as mineral inventory but may prove to be economic in the future. A few high priority airborne anomalies not amenable to detailed ground follow up and trenching will be investigated next year with diamond drill holes.

Amax Potash Limited conducted geophysical surveys over our two claim blocks in the Minago River area on the extension of the Thompson nickel belt of Manitoba. Their results revealed areas of interest where further work has been recommended.

A comprehensive exploration program is being carried out for base metals in the volcanic belt underlying the northern portion of Courville Township, Quebec. The more important anomalies detailed by ground follow up are presently being investigated by diamond drilling.

Two large areas underlain by the Bay of Islands Igneous Complex, Newfoundland have been partially explored by reconnaissance programs last summer. Areas of interest which include high-grade showing of nickel, copper, chrome, asbestos and zinc mineralization will be further investigated this coming summer.

A major interest is held in a joint venture in Northwestern Ontario where two large areas have been flown in a search for base metal sulphide deposits. Only one anomaly has been drilled to date. Further follow up surveys with diamond drilling are scheduled for 1972.

A new geological-geophysical approach is being utilized in the intense search for new copper-zinc-silver orebodies in the Joutel base metal camp of Quebec. Working options have been taken on six separate properties lying on strike with the rich Mines de Poirier orebodies.

COAL

A thirty percent interest was acquired in two coal bearing projects in Alberta. A minimal amount of churn drilling on one property near Hinton has indicated the possibility of an estimated ten million tons of medium volatile coking coal being amenable to open cast strip mining. The second property located 45 miles west of Calgary is well located for an export-oriented coking coal operation. Consultants infer a potential of 18 million tons of good quality coking coal. Both properties will be farmed out for sizeable work commitments.

OIL & GAS

A purchase of 200,000 shares of Polaris Oils Limited was made for \$100,000 with an option to purchase a further 200,000 shares at the same price. Polaris is a new company formed in 1971 by the successful oil and gas geologists John Downing and Arthur Nauss. Their objective is to acquire a sufficient number of producing wells to provide an adequate cash flow to carry on an aggressive exploration program. Sixteen wells have been drilled to date. Of these, three are gas wells and one oil.

Your company continues to hold a 12% interest in an oil and gas venture in the Michigan basin where over 20,000 acres have been leased. The first of five exploratory tests has commenced drilling.

SHAREHOLDERS

Interest in your company is presently divided amongst the following companies: Little Long Lac Mines Limited and Lake Shore Mines, Limited with 25% each, Willroy Mines Limited with 20% and Malartic Gold Fields (Quebec) Limited, Wright-Hargreaves Mines Limited and East Malartic Mines Limited with 10% each.

P. D. TIMMS,
Manager.

March 17th, 1972.

MARBAN GOLD MINES LIMITED

OFFICERS

P. K. HANLEY - - - - - - - - - - - President
A. G. WILSON - - - - - - - - - - - Secretary

DIRECTORS

J. C. L. ALLEN	P. K. HANLEY
J. G. EDISON	STEPHEN KAY
R. C. STANLEY, JR.	

MINE MANAGER

M. D. KENNEDY

REGISTRAR AND TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY,
Toronto, Ontario.

AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Toronto, Ontario.

EXECUTIVE OFFICE

Suite 400, 112 King St. West,
Toronto 110, Ontario.

MARBAN GOLD MINES LIMITED

Report of the Manager

Halet, Quebec,
February 21, 1972.

The President and Directors,
Marban Gold Mines Limited.

Dear Sirs:

Herewith is a report covering the operation for the year ended December 31, 1971.

The mine produced 219,143 tons of ore which yielded 36,990 ounces of gold and 5,274 ounces of silver. Production since the start of milling July 2, 1961 is 1,726,136 tons of ore which has produced 274,863 ounces of gold, an average of 0.159 ounces per ton, and 26,316 ounces of silver.

While no development was done during the year, and it was expected the operation would close in 1971, the mining areas continued to produce more ore than had been anticipated. However at the year end the ore reserve was down to 60,371 tons grading 0.147 ounces gold per ton against 140,940 tons grading 0.162 ounces gold per ton at the end of the previous year and the operation will now come to an end in March or early April 1972.

At the year end there were 82 employees on the payroll compared to 80 the previous year.

A total of \$709,159 was paid out for wages, salaries, workmen's compensation, pension, unemployment insurance and other employee benefits and \$919,020 for supplies and services.

In conclusion I wish to express my thanks to the Officers and Directors for their co-operation and support. I would also like to thank Mr. G. Bellavance, Mine Superintendent, the Supervisory Personnel and all Employees for their efficient services during the year.

Respectfully submitted,

M. D. KENNEDY,
Manager.

MARBAN GOLD
(Incorporated under)

Balance Sheet —
 (with comparative figures)

ASSETS

	1971	1970
		(restated)
CURRENT ASSETS		
Cash	\$ 157,240	\$ 135,000
Short term deposits	111,326	114,887
Bullion, at net realizable value	174	1,263
Accounts receivable	80,946	87,124
Amount receivable under the Emergency Gold Mining Assistance Act (note 2)	7,098	2,651
Prepaid expenses	25,218	37,011
	382,002	377,936
FIXED ASSETS		
Building, machinery and equipment, at cost	304,715	304,715
Less accumulated depreciation	289,700	283,200
	15,015	21,515
Mining properties and claims, at nominal value in 1971, at cost in 1970 (note 1)	1	250,000
	15,016	271,515

Approved by the Board

P. K. HANLEY, Director.

J. C. L. ALLEN, Director.

\$ 397,018	\$ 649,451
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MINES LIMITED

laws of Ontario)

December 31, 1971

(December 31, 1970)

LIABILITIES

	1971	1970
CURRENT LIABILITIES		(restated)
Bank overdraft		\$ 6,028
Accounts payable and accrued liabilities	\$ 116,317	95,361
Payable to associated companies	13,965	15,441
Payable to parent company, Malartic Gold Fields (Quebec) Limited ..	46,149	58,619
Quebec mining tax payable		8,742
	<hr/> 176,431	<hr/> 184,191

SHAREHOLDERS' EQUITY

Capital stock		
Authorized — 5,000,000 shares of \$1 each		
Issued — 4,000,005 shares	4,000,005	4,000,005
Less discount on shares	3,000,000	3,000,000
	<hr/> 1,000,005	<hr/> 1,000,005
Deduct deficit	779,418	534,745
	<hr/> 220,587	<hr/> 465,260

AUDITORS' REPORT

To the Shareholders of
MARBAN GOLD MINES LIMITED.

We have examined the balance sheet of Marban Gold Mines Limited as at December 31, 1971 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

Toronto, Canada,
February 10, 1972.

\$ 397,018	\$ 649,451
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MARBAN GOLD MINES LIMITED

Statement of Income

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
OPERATING REVENUE		
Bullion recovery	\$1,315,526	\$1,385,590
Assistance under the Emergency Gold Mining Assistance Act (note 2)	340,068	304,627
	<u>1,655,594</u>	<u>1,690,217</u>
OPERATING EXPENSES		
Mine development	7,158	
Mining	794,681	736,770
Milling	590,686	581,971
Ore haulage	83,993	72,126
Marketing expenses	7,523	7,381
Mine office and supervision	42,212	42,901
General expenses at the property	109,078	113,702
Administrative and corporate expenses	18,081	17,604
Quebec mining tax	8,120	
	<u>1,646,254</u>	<u>1,587,733</u>
Operating profit, before providing for undernoted items	9,340	102,484
Depreciation	6,500	9,000
	<u>2,840</u>	<u>93,484</u>
Interest income	2,486	8,200
Income before extraordinary item	<u>5,326</u>	<u>101,684</u>
Extraordinary item		
Write down of mining properties to nominal value	249,999	
Net income (loss) for the year	<u>\$ (244,673)</u>	<u>\$ 101,684</u>
Earnings (loss) per share		
Income before extraordinary item	Nil	3¢
Net income (loss) for the year	<u>(6¢)</u>	<u>3¢</u>

MARBAN GOLD MINES LIMITED

Statement of Deficit

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
		(restated)
Deficit at beginning of year		\$ 436,429
As previously reported	\$ 491,821	
Adjustment of prior year's assistance under the Emergency Gold Mining Assistance Act (note 2)	42,924	
As restated	534,745	436,429
Net income (loss) for the year	(244,673)	101,684
Dividend	779,418	334,745
Deficit at end of year	<u>\$ 779,418</u>	<u>\$ 534,745</u>

Statement of Source and Application of Funds

Year ended December 31, 1971

(with comparative figures for 1970)

	1971	1970
		(restated)
SOURCE OF FUNDS		
Income before extraordinary item	\$ 5,326	\$ 101,684
Depreciation not involving current funds	6,500	9,000
Other items	11,826	110,684
		2,200
	<u>11,826</u>	<u>112,884</u>
APPLICATION OF FUNDS		
Purchase of machinery and equipment		500
Dividend		200,000
		200,500
Increase (decrease) in working capital	11,826	(87,616)
Working capital at beginning of year	193,745	281,361
Working capital at end of year	<u>\$ 205,571</u>	<u>\$ 193,745</u>

MARBAN GOLD MINES LIMITED

Notes to Financial Statements

December 31, 1971

1. MINING OPERATIONS

It is expected that mining operations will cease in April 1972 and accordingly mining properties and claims have been written down to nominal value.

2. EMERGENCY GOLD MINING ASSISTANCE

Income for 1970 has been restated to reflect a reduction in the estimated assistance for 1970 on the basis of a review by the government Audit Services Bureau.

3. SUPPLEMENTARY INFORMATION

Direct remuneration of directors and senior officers (including the five highest paid employees) as defined by The Business Corporations Act, was as follows:

	1971	1970
Directors and officers	Nil	Nil
Mine employees	<u>\$ 61,018</u>	<u>\$ 57,263</u>
	<u><u>\$ 61,018</u></u>	<u><u>\$ 57,263</u></u>



Printed in Canada.